

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held in the Committee Room and on Zoom on 8 May 2025

- PRESENT:** Mr Dilwyn Evans (Lay Member) (Chair)
Councillor Euryrn Morris (Deputy Chair)
- Councillors Geraint Bebb, Kenneth Hughes, Keith Roberts, Margaret M. Roberts, Ieuan Williams.
- Lay Members: William Parry
- IN ATTENDANCE:** Director of Function (Resources) and Section 151 Officer
Director of Education, Skills and Young People (for item 4)
Head of Internal Audit & Risk (MP)
Head of Housing Services (for item 4)
Head of Profession (HR) and Transformation (for item 3)
Corporate Planning, Performance and Programme Manager (GP) (for items 7 & 8)
Principal Auditor (NW)
Committee Officer (ATH)
Webcasting Officer (FT)
- APOLOGIES:** Councillor Aled M. Jones
- ALSO PRESENT:** Councillor Robin Williams (Deputy Leader & Portfolio Member for Finance and Housing), Alan Hughes (Performance Audit Lead – Audit Wales), Supporting Families Unit Manager (Social Services) (BHJ), Primary Senior Manager (Education) (OTD), Accountancy Services Manager (BHO) (IoACC), Senior Auditor (AL) (IoACC).

The Chair welcomed Councillor Kenneth Hughes to his first meeting of the Governance and Audit Committee.

1 DECLARATION OF INTEREST

Mr Dilwyn Evans declared a personal interest only in relation to the reference in the minutes under item 2 on the agenda as well as in item 3, concerning the Council's collaboration with local and regional colleges due to his role as a member of the Board of Governors of Grwp Llandrillo Menai.

Marion Pryor, Head of Audit and Risk also declared a personal interest only regarding the reference in the minutes under item 2 on the agenda and in item 3 pertaining to the Council's collaboration with local and regional colleges as a member of the Board of Governors of Grwp Llandrillo Menai and Chair of its Audit and Risk Committee.

2 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meetings of the Governance and Audit Committee held on 11 February 2025 were presented and were confirmed as correct.

3 GOVERNANCE AND AUDIT COMMITTEE ACTION LOG

The report of the Head of Audit and Risk incorporating the committee action log was presented for consideration. The report updated the Committee on the status and progress of the actions and decisions it had agreed upon.

The following additional updates were provided orally at the meeting –

- The Head of Profession (HR) and Transformation reported on the benefits of the Council's collaboration with local and regional colleges particularly its role in addressing recruitment and skills needs as well as filling vacancies (item 21 on the action log). She informed the committee that the Council has a memorandum of understanding with Grŵp Llandrillo Menai and has been working extensively with the Grŵp over the last eighteen months.

Next month, the Council will launch a "Step into Work" initiative in partnership with Grŵp Llandrillo Menai. This initiative will provide five young persons with no prior work experience the opportunity to work in the Council initially for one day per week giving them exposure to practical roles they may not have otherwise considered.

Through Grŵp Llandrillo Menai the Council offers a rolling apprenticeship programme with nine apprentices currently working within Housing Services which has a close relationship with the grŵp. Additionally, the Council collaborates with Bangor University on the MA Social Work programme which currently has twelve participants and serves as a key channel for social worker recruitment. The Council has also relaunched its graduate scheme, recently advertising three available roles in 2025. Furthermore, it has actively engaged in workforce planning sessions led by the Local Government Association.

The Head of Profession (HR) and Transformation also referred to the Council's Attracting Talent Programme which offers paid work experience during the summer months. The programme was especially successful last year when three of the five placements in Social Services resulted in permanent appointments within the care services. While there are plans to shift the programme's focus to another service area, the ongoing recruitment challenges in social services mean its continued emphasis on that area remains valuable.

The Head of Profession (HR) and Transformation noted that colleges can only sustain courses and programmes if they attract a sufficient number of participants which is something that the Council as a smaller authority, cannot always guarantee. In response to questions about remaining recruitment gaps, she acknowledged that the legal services department is currently facing challenges. Given its size, the department lacks capacity to support long-term development and potential solutions are being explored.

- The Director of Function (Resources)/Section 151 Officer reported on the income/savings generated by the installation of solar panels on council buildings through Salix funding (item 22 on the action log). Information provided by the Property Services department shows that since 2020, 45 solar energy projects have been completed at a total cost of £1.6m funded by interest free Salix loans. These projects commenced at different times over the past five years and the electricity generated is estimated at

3.49GW which, at current values, equates to £700,000. Regarding the Council's main office building, the Section 151 Officer highlighted that the solar panel system installed in October 2020 at a cost of £78,000 has so far generated 266,000 KW of electricity, valued at £56,000. If this rate of electricity generation continues, the system is expected to break even by 2027. Given the solar panels' lifespan of 25 years, this would result in 18 years of reduced energy costs for the Council. Further analysis is ongoing and an additional report can be provided upon request. It was noted that Salix loans will no longer be offered interest free in future and will instead carry an interest rate of 2.5%. However, the Council has successfully secured additional interest free loans amounting to £400,000 which will be allocated to energy saving initiatives.

The Head of Audit and Risk noted in relation to item 10 on the action log that the Quod Anglesey socio-economic analysis and impact report has been completed but has yet to be published. She confirmed that item 23 had been completed and stated that the remaining items on the log are not scheduled for completion until later in the year.

It was resolved to note the actions detailed in the action log table and to confirm that the Committee is content that the actions have been implemented to its satisfaction.

4 INTERNAL AUDIT UPDATE

The report of the Head of Audit and Risk providing an update as at 31 March, 2025 on the audits completed since the previous update as at 31 January 2025 was presented for the committee's consideration. The report also set out the current workload of Internal Audit and its priorities for the short to medium term going forward. Members of the committee were provided under separate cover with copies of the assurance reports finalised in the period in relation to Destination – Maritime Team: Income Processes (First Follow Up) (Reasonable Assurance), Payment Card Industry Data Security Standards (Reasonable Assurance), Early Education and Childcare Grant Programmes (Reasonable Assurance), Management of the Council's Physical Assets (YM14) (Reasonable Assurance), Disabled Facilities Grants (First Follow Up) (Limited Assurance) and Recovery Of Council Tax, Non-Domestic Rates and Sundry Debts (Second Follow Up) (Limited Assurance).

The Head of Audit and Risk provided an overview of the four audit reports completed during the period which offered reasonable assurance. In response to a query, she clarified that the internal audit approach focuses on raising issues and risks rather than making recommendations, with management agreeing on actions plans to address identified concerns. Regarding the two limited assurance audit reviews, she reported that while progress has been made in the Disabled Facilities Grant first follow up review, several weaknesses remain which require further action to ensure a robust and accountable DFG process. A further formal follow up review will be undertaken in October 2025 to ensure that the remaining issues have been addressed and to assess the effectiveness of improvements. On the Recovery of Council Tax, Non Domestic Rates and Sundry Debts second follow up review, she highlighted that the service had made further progress since the original 2023 review including system enhancements, increased management oversight and regular Council Tax and NDR debt assessment. However, substantial older debts remain unresolved which will be difficult to address without additional resources. A full review of the revised recovery process will be included in the Internal Audit Strategy and Plan for 2025/26.

The committee considered the two limited assurance review reports and the following matters were raised –

- Concerns were expressed about the effectiveness of the DFG process, particularly the prolonged timeline for delivering agreed housing adaptation works. A specific case was

cited which highlighted that it took nearly two years to confirm the necessity of housing adaptations and approve the grant, followed by more than a year to complete the agreed works. The extended delay significantly impacted the quality of life of the affected client. Assurances was sought that steps are being taken to improve delivery timeframes.

The Head of Audit and Risk explained that the audit review identifies the need to align the Council's current DFG key performance indicators with Welsh Government's Housing Adaptations Service Standards expected timeframes. These define three key stages in the adaptations process - initial contact, confirmation of adaptation as necessary, and installation providing a full end to end review. The Council's current KPI only captures the average time taken in the final installation stage. The Head of Housing Services noted that alongside challenges with contractor availability the Housing Adaptations Team has reduced from five to one member of staff over recent years due to efficiency measures. While additional support has helped advance the DFG process, further improvements are necessary. He expressed confidence that these improvements would be achieved with the limited assurance opinion serving as motivation for continued progress.

- Whether the issues/risks identified in the DFG audit follow up review stem from systemic shortcomings or non-compliance with established processes. Reference was made to missing legal safeguards relating to the recording of grants to owner occupiers on the local land charges register or as a restriction on the Land Registry potentially leading to financial losses.

The Head of Audit and Risk clarified that, specifically regarding the legal safeguards, the review found that the proper processes are in place but are not being followed, contributing to the risk.

- Whether the DFG adaptation process has overarching project management to expedite delivery within the set timeframes and ensure efficient capital spend.

The Head of Housing Services clarified that one officer is responsible for assessing whether each grant application is reasonable and appropriate, while the Gofal a Thrwsio agency oversees the management of individual adaptation installation projects.

The Director of Function (Resources)/Section 151 Officer responding to the limited assurance second follow up review of the Recovery of Council Tax, Non Domestic Rates and Sundry Debts said that most efforts since the original review in 2023 have focused on improving processes to ensure prompt debt handling and to prevent the long-term accumulation of debts. However, without addressing the backlog of older debts it remains difficult to determine the success of these improvements. In order to tackle this issue, the Executive has approved an additional resource to assess recovery options. The Section 151 Officer outlined the different processes for recovering sundry debts and Council Tax debts and he clarified that while the council collects non-domestic rates, these are pooled centrally meaning that any losses from non-payment are absorbed by the pool rather than the council. Additionally, with Welsh Government's removal of committal powers for Council Tax arrears, the council will explore all available enforcement methods before writing off debts. The Section 151 Officer advised the committee that although progress has been made tangible results will take time. In response to a query about the timeframe, he noted that the authority's council tax collection performance compares well with that of other local councils. Council tax arrears are a widespread issue, exacerbated by factors such as the cost of living crisis. He confirmed that the impact of the additional resource will be evaluated in six months with a report presented in twelve months.

- The committee queried whether councils in Wales should be making representations to Welsh Government to reconsider the removal of committal powers given the significant impact of unpaid council tax on council budgets.

The Director of Function (Resources)/Section 151 Officer advised that Welsh councils did raise concerns when the policy was changed and while Welsh Government promised a review along with additional powers for councils these have yet to materialise. However, a further consultation is in the offing. The Section 151 Officer assured the committee that writing off debt is a last resort and that the council actively pursues alternative recovery methods. Currently, the council successfully collects over 99% of Council Tax annually. In response to queries about bad debt provision and whether recovery efforts should target the three service areas with the highest accumulated debts, the Section 151 Officer outlined the Council's approach to bad debt management and detailed the nature of debts within these services along with the challenges in recovering them.

In reviewing the remaining assurance reports presented, the committee raised concerns on the audit review of Childcare and Welsh Medium Education Provision, specifically regarding the Council's failure to enable all non-maintained settings to claim Early Education funding and Flying Start funding. The Director of Education, Skills and Young People assured the committee that the action plan agreed with Internal Audit would be implemented promptly and practices reviewed under the direction of the Primary Education Sector Manager to ensure that the Council meets all necessary requirements. The committee will receive an update in due course.

It was resolved to note the outcome of Internal Audit's work, the assurance provided and priorities going forward.

5 OUTSTANDING INTERNAL AUDIT ISSUES, RISKS AND OPPORTUNITIES

The report of the Head of Audit and Risk which provided an update on the status of the outstanding issues, risk and opportunities that Internal Audit has raised was presented for the committee's consideration.

The Principal Auditor presented the report offering an overview of its key points. As of 31 March 2025, fifty-two outstanding actions were being tracked, with eight assessed as "major" (amber) and forty-four as "moderate" (yellow) risks. A detailed analysis of the current status of the outstanding major related issues, risks and opportunities was provided at Appendix 1 to the report.

There were no questions by the committee on the contents of the report.

Having considered the report, the Governance and Audit Committee resolved to accept the Council's progress in addressing the outstanding Internal Audit issues/risks/opportunities as satisfactory.

6 REVIEW OF THE GOVERNANCE AND AUDIT COMMITTEE'S TERMS OF REFERENCE AND COMPLIANCE WITH NEW STANDARDS

The report of the Head of Audit and Risk incorporating revised Terms of Reference for the Governance and Audit Committee was presented for the committee's consideration and endorsement.

The Head of Audit and Risk reported that since the last review in June 2024, the Institute of Internal Auditors has issued new Global Internal Audit Standards (GIAS) replacing the previous Public Sector Internal Audit Standards (PSIAS). For the UK public sector, an

Application Note has been released to provide guidance on implementation. Additionally, CIPFA has introduced a new Code of Practice for the governance of Internal Audit in UK Local Government designed to align with the new global standards. By following the Code, the Council can ensure that the governance of internal audit meets the expectations of GIAS in the UK public sector. As the Council will be required to explain its compliance with the Code in its annual governance statement, a comparison of the committee's Terms of Reference has been conducted to ensure that the requirements of the Code are recognised in the relevant sections of the committee's Terms of Reference. The report summarises the Code's provisions, the Council's current position and any consequent revisions. If approved by the committee, the Monitoring Officer will be able to amend the Constitution under delegated powers.

It was resolved to approve the committee's revised Terms of Reference as presented, confirming that the committee is content that they meet the requirements of the CIPFA Code of Practice for the Governance of Internal Audit in UK Government.

7 EXTERNAL AUDIT: ISLE OF ANGLESEY COUNTY COUNCIL ANNUAL AUDIT SUMMARY 2024

Audit Wales's Annual Audit Summary 2024 for the Isle of Anglesey County Council was presented for the committee's information. The summary report provided an overview of the audit work completed at the Council over the year.

The report was presented by Mr Alan Hughes, Audit Wales Performance Audit Lead who highlighted the main points.

Regarding Audit Wales's review of the Council's financial sustainability conducted in 2024, the committee reaffirmed its position from the last meeting, when the full review report was discussed. The committee emphasised that effective longer term financial planning can be difficult for this and other councils without the certainty of extended funding commitments rather than year to year settlements. Furthermore, unforeseen events and global factors such as political changes and economic shocks can disrupt even carefully devised plans.

Mr Alan Hughes noted that Audit Wales acknowledges the challenges posed by short term funding arrangements, highlighting that Welsh Government faces similar constraints due to its annual budget allocation from the UK Government. However, the Council can strengthen its future strategy by making the most of available information and assessing emerging trends and prospects and by taking an adaptive approach ensuring that it maintains a safe distance from a financial tipping point.

It was resolved to note the assurance provided by the Annual Audit Summary 2024.

8 EXTERNAL AUDIT: AUDIT WALES WORK PROGRAMME AND TIMETABLE Q3 AND Q4 2024/25 UPDATES

The Audit Wales report, which updated the committee on the progress of its work programme both locally and nationally as of 31 December 2024 (Q3) and 31 March 2025 (Q4) was presented for the Committee's information. The report also provided an overview of ongoing regulatory work by Estyn and CIW.

Mr Alan Hughes, Audit Wales's Performance Audit Lead presented the report focusing on the Quarter 4 position and brought the committee up to date on the financial audit work in relation to the 2024/25 Statement of Accounts and certification of grant returns. He also

briefed the committee on the status of 2024/25 performance audit work as well as national studies that are planned and in progress.

It was resolved to note the assurance provided by Audit Wales's Q3 and Q4 2024/25 Work Programme and Timetable update reports.

9 REVIEW OF FORWARD WORK PROGRAMME 2025/26

The report of the Head of Audit and Risk incorporating a Forward Work Programme and Development Programme for 2025/26 was presented for the Committee's consideration.

The Head of Audit and Risk asked members to contact her should they have any specific development and/or training needs.

Following the briefing session held prior to the committee's meeting in February on the opportunities and risks associated with Artificial Intelligence (AI), the Chair enquired whether the Council is aware of how AI is currently used within the organisation. The Chair suggested that the Council may wish to consider introducing policy guidance to ensure that AI is used appropriately and effectively. Following discussion, it was agreed that the matter be brought to the attention of the Leadership Team.

It was resolved to accept the Forward Work Programme proposed for 2025/26 as meeting the Committee's responsibilities in accordance with its terms of reference.

Additional action – to ask the Director of Function (Resources)/Section 151 Officer to raise the issue of policy guidance on AI usage within the Council with the Leadership Team.

**Mr Dilwyn Evans
Chair**